Co-operative Principles for the 21st Century

International Co-operation Alliance

1995

The International Co-operative Alliance Statement on the Co-operative Identity

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Co-operatives are based on the values of self-help, democracy, equality, equity, and solidarity. Co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

1st Principle: Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

2nd Principle: Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote), and co-operatives at other levels are also organised in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th Principle: Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public — particularly young people and opinion leaders — about the nature and benefits of co-operation.

6th Principle: Co-operation Among Co-

operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

7th Principle: Concern for Community

While focusing on member needs and wishes, co-operatives work for the sustainable development of their communities.

Background Paper on the ICA Statement on the Co-operative Identity

Preamble:

1. The International Co-operative Alliance, at its Manchester Congress in September, 1995, adopted a Statement on Cooperative Identity. The Statement included a definition of cooperatives, a listing of the movement's key values, and a revised set of principles intended to guide co-operative organisations at the beginning of the twenty-first century.

2. This paper explains the context within which the statement evolved, and it elaborates upon some of the key issues raised, particularly in the reconsideration of principles.

3. Since its creation in 1895, the International Co-operative Alliance has been the final authority for defining co-operatives and for elaborating the principles upon which co-operatives should be based. Previously, the Alliance had made two formal declarations on co-operative principles, the first in 1937, the second in 1966. These two earlier versions, like the 1995 reformulation, were attempts to explain how co-operative principles should be interpreted in the contemporary world.

4. These periodic revisions of principles are a source of strength for the co-operative movement. They demonstrate how co-operative thought can be applied in a changing world; they suggest how co-operatives can organise themselves to meet new challenges; they involve co-operators around the world in the re-examination of the basic purposes for their movement.

5. Throughout its history, the co-operative movement has constantly changed; it will continuously do so in the future. Beneath the changes, however, lies a fundamental respect for all human beings and a belief in

their capacity to improve themselves economically and socially through mutual self-help. Further, the co-operative movement believes that democratic procedures applied to economic activities are feasible, desirable, and efficient. It believes that democratically-elected economic organisations make a contribution to the common good. The 1995 Statement of Principles was based on these core philosophical perspectives.

6. There is no single tap root from which all kinds of cooperatives emerge. They exist all around the world in many different forms, serving many different needs, and thriving within diverse societies. Indeed, one of the main reasons for preparing this document on the co-operative identity was to reflect that variety and to articulate the norms that should prevail in all cooperatives regardless of what they do and where they exist. In particular, the Statement provided a common base on which all of the main co-operative traditions could prosper and work effectively together.

   Co-operatives first emerged as distinct, legal institutions in Europe during the nineteenth century. Achieving their first permanent successes during the difficult years of the 1840s, co-operatives grew within five distinct traditions; the consumer cooperatives, whose beginnings have long been popularly associated with the Rochdale pioneers; the worker co-operatives, which had their greatest early strength in France; the credit co-operatives, which largely began in Germany; the agricultural co-operatives, which had their early roots in Denmark and Germany; and service co-operatives, such as housing and health co-operatives, which emerged in many parts of industrial Europe as the century drew to an end. All of these traditions flourished, albeit with different degrees of success, in most European countries in the nineteenth century; all spread throughout most of the remainder of the world in the twentieth century.

   Through its 1995 Statement on The Co-operative Identity, the International Co-operative Alliance formally affirmed and welcomed as equals all five of these traditions. It acknowledged the vitality each possessed, and it recognized that, whatever the original sources, each tradition had been adapted in different ways within different societies and among different cultures.

7. Further, the Statement was intended to serve equally well co-operatives in all kinds of economic, social and political circumstances. It recognized that all groups had created their own co-operative movements in very distinctive ways, borrowing from others and adhering to principles, but shaping their organisations according to their own needs, experiences and cultures. The 1995 Statement accepted and celebrated that diversity.

8. Further, the Statement of Identity provided a general framework within which all kinds of co-operatives could function. Each co-operative tradition or sector, however, has its own special needs and priorities. At the time of the Congress, therefore, each sector had prepared or was preparing a statement on Operating Principles to demonstrate what the general principles mean for its operations, particularly in the light of contemporary circumstances.

9. Finally, the Statement implicitly recognized that the international movement has a unique opportunity to assist in the harmonization of interests among groups of people organised as consumers of goods and services, as savers and investors, as producers, and as workers. By providing a common framework, the Statement should foster understanding, joint activities, and expanded horizons for all kinds of co-operative endeavour.

Rationale for the Restatement of Principles

1. There were particular challenges confronting the international co-operative movement that made articulation of The Cooperative Identity necessary and beneficial in 1995.

2. Between 1970 and 1995 the market economy had expanded its impact dramatically around the world. Traditional trade barriers had changed significantly and many of those changes, such as the creation of free trade areas, the decline in government support for agriculture, and the deregulation of the financial industries, threatened the economic frameworks within which many co-operatives had functioned for decades. To prosper, in many instances merely to survive, co-operatives had to examine how they would react to these changed circumstances.

   Such changes also meant that most co-operatives were facing much more intense competition. Using the advantages of modern forms of communications, capital roamed the world with minimal interference, seeking out the most prosperous investments. Economically, this meant that many co-operatives found themselves directly confronting large transnational firms, many of them possessing capital and legislative advantages they did not have.

   On intellectual and attitudinal levels, co-operatives were also confronted by international media and educational institutions that proclaimed the predominance of business controlled by investors. Within those contexts, the value of enterprises controlled democratically in the interests of

people had been brought into question. In fact, the celebration of capitalist enterprise challenged the confidence of many within co-operatives, particularly in the North Atlantic countries. In the face of that challenge, there was a need to provide a clear vision of what made co-operatives unique and valuable.

3. In Central and Eastern Europe, the decline of the centrally-controlled economies had also brought into question the role of co-operatives. Paradoxically, though, it had simultaneously opened the way for the rebirth of co-operative enterprise, but that could only occur if there was a clear understanding of how new and revived movements should be regulated and encouraged.

4. At the same time, the rapid expansion of many Asian countries, along with economic growth in parts of Latin America and Africa, posed unparalleled opportunities for the growth of co-operatives. Indeed, co-operative leaders from those continents provided many of the new insights and fresh enthusiasm upon which much of the momentum for examining the future was derived.

   All of these developments brought new perspectives to the international movement. They challenged some traditional assumptions, offered new interpretations, and suggested new solutions to old problems. For such opportunities to be seized, however, there was a need to identify clearly how co-operatives should play a role in societies undergoing rapid change.

5. Co-operatives confronted other, more general, challenges during the 1990s, challenges that promised to be even more important in the coming decades: they were the challenges associated with fundamental changes in the human condition around the world. They included issues raised by rapid increases in the global population; growing pressures on the environment; increasing concentration of economic power in the hands of a small minority of the world's population; varying crises besetting communities within all kinds of cultures; deepening cycles of poverty evident in too many parts of the globe; and increasingly frequent outbursts of "ethnic" warfare.

   Co-operatives, by themselves, cannot be expected to entirely resolve such issues, but they can contribute significantly to their resolution. They can produce and distribute high quality food at reasonable prices. They can, as they often have, demonstrate a concern for the environment. They can fulfil their historic role of distributing economic power more widely and fairly. They can be expected to enhance the communities in which they

are located. They can assist people capable of helping themselves escape poverty. They can assist in bringing people with different cultures, religions, and political beliefs together. Co-operators have much to offer to the world simply by building upon their traditions of distinctiveness and addressing efficiently the needs of their members.

6. The Statement of Co-operative Identity, therefore, must be seen within historical, contemporary and future contexts. The remainder of this paper elaborates, albeit briefly, on each section of the Statement from these three perspectives.

The Definition of a Co-operative

1. The Statement defines a co-operative in the following way: “A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.”
2. This definition is intended as a minimal statement; it is not intended as a description of the “perfect” co-operative. It is intentionally broad in scope, recognizing that members of the various kinds of co-operatives will be involved differently and that members must have some freedom in how they organise their affairs. Hopefully, this definition will be useful in drafting legislation, educating members, and preparing textbooks.
3. The definition emphasizes the following characteristics of a co-operative:
    1. The co-operative is autonomous: that is, it is as independent of government and private firms as possible.
    2. It is “an association of persons.” This means that co-operatives are free to define “persons” in any legal way they choose. Many primary co-operatives around the world choose only to admit individual human beings. Many other primary co-operatives admit “legal persons,” which in many jurisdictions includes companies, extending to them the same rights as any other member. Co-operatives at other than the primary level are usually co-operatives whose members are other co-operatives. In all cases, the membership should decide how it wishes the co-operative to deal with this issue.
    3. The persons are united “voluntarily.” Membership in a cooperative should not be compulsory. Members should be free, within the purposes and resources of the co-operatives, to join or to leave.
    4. Members of a co-operative “meet their common economic, social and cultural needs.” This part of the definition emphasizes that co-operatives are organised by their members, for their members. Member needs may be singular and limited, they may be diverse,

they may be social and cultural as well as purely economic, but, whatever the needs, they are the central purpose for which the co-operative exists.

5. The co-operative is “a jointly-owned and democratically-controlled enterprise.” This phrase emphasizes that ownership is distributed among members on a democratic basis. These two characteristics of ownership are particularly important in differentiating co-operatives from other kinds of organisations, such as capital-controlled or government-controlled firms. Each co-operative is also an “enterprise” in the sense that it is an organised entity, normally functioning in the market place; it must strive to serve its members efficiently and effectively.

Values - The First Sentence

1. The co-operative movement has a deep and distinguished intellectual history. During each of the last ten generations of human history, many theorists in various parts of the world have made major contributions to co-operative thought; and much of that thought has been concerned with co-operative values.

   Moreover, co-operatives around the world have developed within a rich array of belief systems, including all the world’s great religions and ideologies. Since co-operative leaders and groups have been greatly influenced by those belief systems, any discussion of values within co-operatives must inevitably involve deeply-felt concerns about appropriate ethical behaviour.

   Consequently, achieving a consensus on the essential co-operative values is a complex although inevitably rewarding task.

   Between 1990 and 1992, under the direction of Mr. Sven Åke Böök of Sweden, members of the International Co-operative Alliance and independent researchers engaged in extensive discussions about the nature of co-operative values. The results of that study are available in the book Co-operative Values in a Changing World, written by Mr. Böök and published by the International Co-operative Alliance. That book, along with Co-operative Principles: Today and Tomorrow, written by W.P. Watkins, largely provided the theoretical context out of which the Statement on Co-operative Identity was derived. They are particularly recommended to anyone wishing to pursue the topic in greater depth.

2. The first sentence on Values in the 1995 Statement reads as follows: “Co-

operatives are based on the values of self-help, democracy, equality, equity and solidarity."

3. "Self-help" is based on the belief that all people can and should strive to control their own destiny. Co-operators believe, though, that full individual development can take place only in association with others. As an individual, one is limited in what one can try to do, what one can achieve. Through joint action and mutual responsibility, one can achieve more, especially by increasing the collective influence in the market and before governments.

   Individuals also develop through co-operative action by the skills they learn in facilitating the growth of their co-operative; by the understanding they gain of their fellow-members; by the insights they gain about the wider society of which they are a part. In those respects, co-operatives are institutions that foster the continuing education and development of all those involved with them.

4. Co-operatives are based on equality. The basic unit of the co-operative is the member, who is either a human being or a grouping of human beings. This basis in human personality is one of the main features distinguishing a co-operative from firms controlled primarily in the interests of capital. Members have rights of participation, a right to be informed, a right to be heard, and a right to be involved in making decisions. Members should be associated in a way that is as equal as possible, sometimes a difficult challenge in large co-operatives or in federations of cooperatives. In fact, concern for achieving and maintaining equality is a continuing challenge for all co-operatives. In the final analysis, it is as much a way of trying to conduct business as it is a simple statement of rules.

5. Similarly, achieving equity within a co-operative is a continuing, never-ending challenge. Equity refers, first of all, to how members are treated within a co-operative. They should be treated equitably in how they are rewarded for their participation in the co-operative, normally through patronage dividends, allocations to capital reserves in their name, or reductions in charges.

6. The last operational value is "solidarity". This value has a long and hallowed history within the international movement. Within co-operatives, this value ensures that co-operative action is not just a disguised form of limited self-interest. A co-operative is more than an association of members; it is also a collectivity. Members have the responsibility to ensure that all members are treated as fairly as possible; that the general interest is always kept in mind; that there is a consistent

effort to deal fairly with employees (be they members or not), as well as the non-members associated with the co-operative.

Solidarity also means that the co-operative has a responsibility for the collective interest of its members. In particular, it indicates that, to some extent, the co-operative's financial and social assets belong to the group; they are the result of joint energies and participation. In that sense, the solidarity value draws attention to the fact that co-operatives are more than just associations of individuals; they are affirmations of collective strength and mutual responsibility.

Further, "solidarity" means that co-operators and co-operatives stand together. They aspire to the creation of a united co-operative movement, locally, nationally, regionally, and internationally. They co-operate in every practical way to provide members with the best quality goods and services at the lowest prices. They work together to present a common face to the public and to governments. They accept that there is a commonalty among all co-operatives regardless of their diverse purposes and their different contexts.

Values-The Second Sentence

1. The second sentence reads: "Co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others".

2. It can be argued rightly that the ethical values to which co-operatives aspire influence the activities of some capital-controlled and some government-owned organisations. They are included, however, because they have a special place within cooperative traditions. In particular, they were fundamentally important within the various kinds of co-operatives as they emerged in the nineteenth century. They are also apparent in many of those responsible for the movement's growth and development over the intervening years.

3. Many of the early co-operatives of the nineteenth century, most obviously the Rochdale Pioneers, had a special commitment to honesty; indeed, their efforts were distinguished in the market-place partly because they insisted upon honest measurements, high quality, and fair prices. Worker co-operatives, throughout their history, have been renowned for their efforts to create honest systems of open management. Financial co-operatives gained excellent reputations around the world because of the honest ways they conducted their business, in particular the calculation of interest payments. Over the decades agricultural co-operatives have

prospered because of their commitment to high quality, honestly-labelled produce.

4. Aside from a special tradition of honesty, co-operatives have aspired to honest dealings with their members, which in turn has led to honest dealings with non-members. For the same reason, they have a bias towards openness: they are public organisations which regularly reveal to their membership, the public and governments considerable information on their operations.

5. The other ethical values emanate from the special relationships co-operatives have with their communities: they are open to members of those communities, and they have a commitment to assist individuals in helping themselves. They are partly collective institutions which exist in one or more communities. They have inherited traditions which have been concerned about the health of individuals within communities. They, therefore, have an obligation to strive to be socially responsible "in all their activities".

   Within their financial capacity to do so, many co-operatives have also demonstrated a remarkable capacity to care for others. Many of them have made significant contributions of human and financial resources to their communities. Many of them have provided extensive assistance to the growth of co-operatives throughout the developing world. It is a tradition of which cooperators should be proud; it reflects a value that they should emphasize.

6. In short, honesty, openness, social responsibility and caring for others are values which may be found in all kinds of organisations, but they are particularly cogent and undeniable within co-operative enterprise.

Principles - An Introductory Comment

1. Many people understand principles as iron-clad commandments that must be followed literally. In one sense, that is true in that principles should provide standards of measurement. In another sense, they should restrict, even prohibit, certain actions while encouraging others.

   Principles, however, are more than commandments; they are also guidelines for judging behaviour and for making decisions. It is not enough to ask if a co-operative is following the letter of the principles; it is important to know if it is following their spirit, if the vision each principle affords, individually and collectively, is ingrained in the daily

activities of the co-operative. From that perspective, principles are not a stale list to be reviewed periodically and ritualistically; they are empowering frameworks — energizing agents — through which co-operatives can grasp the future.

2. The principles that form the heart of co-operatives are not independent of each other. They are subtly linked; when one is ignored, all are diminished. Co-operatives should not be judged exclusively on the basis of any one principle; rather, they should be evaluated on how well they adhere to the principles as an entirety.

3. Seven principles are listed in the 1995 Statement. They are: Voluntary and Open Membership; Democratic Member Control; Member Economic Participation; Autonomy and Independence; Education, Training and Information; Co-operation among Co-operatives; and Concern for Community. The first three principles essentially address the internal dynamics typical of any co-operative; the last four affect both the internal operation and the external relationships of co-operatives.

The "Voluntary and Open Membership" Principle

1. The beginning of the simple sentence explaining this principle emphasizes that "Co-operatives are voluntary organisations." It reaffirms the fundamental importance of people choosing voluntarily to make a commitment to their co-operatives. People cannot be made to be co-operators. They must be given the opportunity to study and understand the values for which co-operatives stand; they must be allowed to participate freely.

   Nevertheless, in many countries around the world economic pressures or government regulations have sometimes tended to push people into becoming members of some co-operatives. In those instances co-operatives have a special responsibility to ensure that all members are fully involved so that they will come to support their co-operatives on a voluntary basis.

2. The sentence continues by referring to how co-operatives admit members. It affirms that co-operatives are "open to all persons able to use their services and willing to accept the responsibilities of membership without gender, social, racial, political, or religious discrimination." This statement reaffirms a general commitment basic to co-operatives since

their emergence in the nineteenth century: a commitment to recognizing the fundamental dignity of all individuals, indeed, all peoples.

3. The phrase "open to all persons able to use their services…" acknowledges that co-operatives are organised for specific purposes; in many instances, they can only effectively serve a certain kind of member or a limited number of members. For example, fishing co-operatives essentially serve fishing people; housing co-operatives can house only so many members; worker co-operatives can employ only a limited number of members. In other words, there may be understandable and acceptable reasons why a co-operative may impose a limit on membership.

4. The phrase "willing to accept the responsibilities of membership" reminds members that they have obligations to their co-operative. Such obligations vary somewhat from co-operative to co-operative, but they include exercising voting rights, participating in meetings, using the co-operative's services, and providing equity as the needs arise. It is a set of obligations that requires constant emphasis, but which should reap significant benefits — for both the member and the co-operative.

5. Co-operatives should do everything possible to ensure that there are no barriers to membership because of gender. Furthermore, in their education and leadership development programmes, co-operatives should ensure that women are present as far as possible in equal numbers as men and that all evident population groups and minorities are also encouraged to participate.

6. The Membership Principle also prohibits discrimination based on "social" characteristics. "Social" refers, first of all, to discrimination based on class. Since its earliest years, the cooperative movement has sought to bring together people of different classes; indeed, that is what distinguished it from some other nineteenth century ideologies.

   "Social" also refers to culture, in which might be included ethnic and, in some instances, national identity. This is a difficult concept, however, because a few co-operatives are organised specifically among cultural groups, very often minority cultural groups. These co-operatives have every right to exist as long as they do not impede organisation of like co-operatives among other cultural groups; as long as they do not exploit non-members in their communities; and as long as they accept their responsibilities for fostering the development of the co-operative movement in their areas.

7. The Principle also includes a reference to "race." In various drafts of the

document circulated prior to the Congress, the reference to race was omitted. It had been omitted in the belief that even the idea of "race" should not be accepted as an appropriate way to categorize human beings. "Race" can imply biological differences, a view that in the last 150 years has created cleavages within the human family resulting in bigotry, wars and genocide.

Discussions with co-operators around the world, however, suggested that not including a reference to "race" might be misleading: for example, some people, unfamiliar with the fundamental philosophic position of the co-operative movement, might conclude that it was acceptable to exclude people on the basis of "race." For that reason, it was included in the membership principle accepted at the Congress so that there can be no doubt as to the movement's position on the issue. Perhaps when the Principles are reviewed the next time, the reference can be dropped.

8. Co-operatives should also be open to people regardless of their political affiliation. Since its beginnings, the co-operative movement has encouraged people of different political allegiances and ideologies to work together. In that sense, it has tried to transcend the traditional ideologies that have created so much tension, unrest, and warfare in the late nineteenth and twentieth centuries. Indeed, this capacity to bring diverse people together for common goals is one of the great promises the movement offers to the twenty-first century.

9. Almost all co-operatives admit members regardless of religious beliefs. There are some, most commonly financial cooperatives, that are organised by churches and religious communities. Such organisations do not negate the principle as long as they do not impede organisation of like co-operatives among other religious groups; as long as they do not exploit non-members in their communities; as long as they co-operate with other co-operatives in every possible way; and as long as they accept their responsibilities for fostering the development of the general co-operative movement in their areas.

10. The Membership Principle has a close connection to the Education Principle and the Democratic Principle. The membership can play its role only if it is informed and if there are effective communications among members, elected leaders, managers, and (where applicable) employees.

    Moreover, the membership can only feel involved if it is consulted and if it is confident that it will be heard. In that sense, while there is a necessity for elected leaders, managers, and staff to be competent, they must also be able to understand their members fully, regardless of

religious or political beliefs, gender or sexual preference, cultural or social background.

11. “Membership” is arguably the most powerful — but often the most underrated — of all the Principles. In essence, it means there should be a special relationship between the co-operative and the people it essentially serves. That relationship should define the business conducted by the co-operative, affect the way it does business, and shape its plans for the future. Further, a recognition of the centrality of “membership” must mean that co-operatives will be committed to a particularly high level of service to members, the main reason for their existence.

The “Democratic Member Control” Principle

1. “Democracy” is a complex word. It can usefully be thought of as a listing of rights; indeed, the struggle for democratic rights on a political level is a common theme of the history of the last two centuries. Within co-operatives, “democracy” includes considerations of rights; indeed, rights and responsibilities. But it also means more: it means fostering the spirit of democracy within co-operatives, a never-ending, difficult, valuable, even essential, task.

2. The first sentence of this Principle in the 1995 Statement reads: “Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions.” This sentence emphasizes that members ultimately control their co-operatives; it also stresses that they do so in a democratic manner. It also reaffirms the right of members to be actively involved in setting policies and in making key decisions.

   In many co-operatives, this active involvement occurs at general meetings at which policy issues are discussed, major decisions are made, and important actions are approved. In other co-operatives, such as worker, marketing, or housing co-operatives, members are more routinely involved in the day-to-day operations of the co-operatives.

   In all co-operatives, “men and women serving as elected representatives are accountable to the membership.” This sentence reminds elected representatives that they hold their offices in trust for the immediate and long-term benefit of members. Cooperatives do not “belong” to elected officials any more than they “belong” to the employees who report to these officials. They belong to the members, and all elected officials are accountable, at election time and throughout their mandate, for their

actions to the membership.

3. The third sentence of this principle reads: “In primary cooperatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

   This sentence describes the customary rules for voting in co-operatives. The rule for primary co-operatives is self-evident. The rule for voting at other than the primary level is open-ended in the belief that co-operative movements themselves are best able to define what is democratic in a given circumstance. In many secondary and tertiary co-operatives, systems of proportional voting have been adopted so as to reflect the diversity of interest, the size of memberships in associated co-operatives, and the commitment among the co-operatives involved. Such agreements should be reviewed periodically, and it is usually unsatisfactory if the smallest co-operatives in such arrangements have so little influence that they feel they are essentially disenfranchised.

The “Member Economic Participation” Principle

1. This Principle reads: “Members contribute equitably to and democratically control the capital of their co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.”

2. Co-operatives operate so that capital is the servant, not the master of the organisation. Co-operatives exist to meet the needs of people, and this Principle describes how members both invest in their co-operatives and decide how to allocate surpluses.

3. “Members contribute equitably to and democratically control the capital of their co-operative.” This statement reinforces both the need for members to contribute capital to their co-operative and for them to do so in an equitable fashion. In essence, they can contribute capital in three ways. In most cooperatives, members are required to invest in a membership share or shares in order to belong and to benefit from membership. Only rarely should such membership “share or shares” be paid any interest.

   Secondly, as co-operatives prosper, they may create reserves, derived

from the retained earnings of the organisation's activities. Normally, all or a significantly large proportion of these earnings are owned collectively, representing the collective accomplishments of members supporting their co-operative. In many jurisdictions this collective "capital" is not even divided among the members should the co-operative cease to exist; rather, it is distributed to community enterprises or other, associated co-operatives.

Thirdly, many co-operatives have needs for capital far greater than what they can save from their economic activities. They can reasonably expect that members will regularly contribute to co-operatives a portion of their dividends on some rotating basis or until retirement; in those cases co-operatives would not pay interest, the member benefiting from continuing participation and future dividends.

Co-operatives, however, may have to make special appeals to members for further investments; indeed, more of them probably should do so. Under those circumstances, it is appropriate to pay interest on such investments, but at a "fair" rate. The return paid on such investments should be at a competitive, not a speculative rate: for example, the government or normal bank interest rate.

4. Members also control the capital of their co-operatives. There are two key ways in which they do so. First, regardless of how co-operatives raise capital for their operations, the final authority for all decisions must rest with the membership. Second, members must have the right to own at least part of their capital collectively, a reflection of what they have accomplished as a collectivity.

5. When the activities of co-operatives create surpluses, members have the right and the obligation to decide how those surpluses should be allocated. They allocate such surpluses for any or all of the following purposes: developing the co-operative; benefiting members in proportion to their transactions with the co-operative; and supporting other activities as approved by the membership.

   One of the most important activities they can - and should choose to support is the further development of the co-operative movement, locally, nationally, regionally, and internationally.

The "Autonomy and Independence" Principle

1. Co-operatives in all parts of the world are very much affected by their

relationship with the state. Governments determine the legislative framework within which co-operatives may function. In their taxation, economic and social policies, governments may be helpful or harmful in how they relate to cooperatives. For that reason, all co-operatives must be vigilant in developing open, clear relationships with governments.

At the same time, the Autonomy Principle addresses the essential need for co-operatives to be autonomous, in the same way that enterprises controlled by capital are autonomous in their dealings with governments.

2. The principle reads: “Co-operatives are autonomous, self help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so freely and on terms that ensure democratic control by their members and maintain their co-operative autonomy.”

3. In referring to “other organisations,” the Principle acknowledges the fact that, around the world, more co-operatives are entering into joint projects with private sector firms, and there is no reason to believe that this tendency will be reversed. It does stress, however, how important it is that co-operatives retain their freedom ultimately to control their own destiny whenever they enter such agreements.

The “Education, Training and Information” Principle

1. The co-operative movement has a long-standing and distinguished commitment to education. The 1995 Principle reads: “Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives. They inform the general public — particularly young people and opinion leaders — about the nature and benefits of cooperation.”

2. This Principle emphasizes the vital importance played by education and training within co-operatives. Education means more than just distributing information or encouraging patronage; it means engaging the minds of members, elected leaders, managers and employees to comprehend fully the complexity and richness of co-operative thought and action. Training means making sure that all those who are associated with co-operatives have the skills they require in order to carry out their responsibilities effectively.

Education and training are also important because they provide excellent opportunities whereby co-operative leaders can understand the needs of their membership. They should be conducted in such a way that they continuously assess the activities of the co-operative and suggest ways to improve or to provide new services. A co-operative that encourages effective two-way communications between its members and leaders, while operating in an effective manner, can rarely fail.

3. The Principle ends by recognizing that co-operatives have a particular responsibility to inform young people and opinion leaders (politicians, public servants, media representatives, and educators) about the "nature and benefits" of co-operation. In recent decades, too many co-operatives in too many countries have ignored this responsibility. If co-operatives are to play the roles of which they are capable in the future, it is a responsibility that will have to be better met. People will not appreciate, they will not support what they do not understand.

"Co-operation Among Co-operatives"

1. This Principle reads: "Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures."

   This Principle, first articulated in the 1966 restatement of principles, has been followed to varying degrees since the 1850s. It was never more important as a principle than in the 1990s. If cooperatives are to achieve their full potential, they can do so only through practical, rigorous collaboration. They can achieve much on a local level, but they must continually strive to achieve the benefits of large-scale organisations while maintaining the advantages of local involvement and ownership. It is a difficult balancing of interests: a perennial challenge for all co-operative structures and a test of co-operative ingenuity.

   Co-operatives around the world must recognize more frequently the possibilities of more joint business ventures. They must enter into them in a practical manner, carefully protecting the interests of members even as they enhance them. They must consider, much more often than they have done in the past, the possibilities of international joint activities. In fact, as nation states lose their capacity to control the international economy, co-operatives have a unique opportunity to protect and expand the direct interests of ordinary people.

2. Co-operatives must also recognize, even more than in the past, the

necessity of strengthening their support organisations and activities. It is relatively easy to become preoccupied with the concerns of a particular co-operative or kind of co-operative. It is not always easy to see that there is a general co-operative interest, based on the value of solidarity and the principle of cooperation among co-operatives. That is why general co-operative support organisations are necessary; that is why it is crucially important for different kinds of co-operatives to join together when speaking to government or promoting “the co-operative way” to the public.

The “Concern for Community” Principle

1. Co-operatives are organisations that exist primarily for the benefit of their members. Because of this strong association with members, often in a specific geographic space, co-operatives are also often closely tied to their communities. They have a special responsibility to ensure that the development of their communities — economically, socially, and culturally — is sustained. They have a responsibility to work steadily for the environmental protection of those communities. It is up to the members, though, to decide how deep and in what specific ways a co-operative should make its contributions to their community. It is not, however, a set of responsibilities that members can avoid accepting.

Conclusion

The co-operative principles cumulatively are the life blood of the movement. Derived from the values that have infused the movement from its beginnings, they shape the structures and determine the attitudes that provide the movement’s distinctive perspectives. They are the guidelines through which co-operators strive to develop their co-operative organisations. They are inherently practical principles, fashioned as much by generations of experience as by philosophical thought. They are, consequently, elastic, applicable with different degrees of detail to different kinds of co-operatives in different kinds of situations. Above all, they require co-operators to make decisions: for example, as to the nature of the democracy of their institutions, the roles of different stakeholders, and the allocation of surpluses that are created. They are the essential qualities that make co-operators effective, co-operatives distinct, and the co-operative movement valuable.

Into the Twenty-First Century: Co-operatives Yesterday, Today and Tomorrow

People in nearly every country around the globe have benefited from co-operatives. They have done so under all kinds of governments, within every kind of economy, and amid all the divisions — gender, race, religion, politics, and culture — that typify the human condition.

Indeed, there are few limits to what people can accomplish when they work together for their mutual benefit. The past accomplishments of the international co-operative movement demonstrate that simple truth. The present strength of co-operatives around the world further affirms it; the future needs of the human family demand its reconfirmation.

People Working Together — The Nineteenth Century

People formed the first, continuous, organised, co-operative traditions in Europe during the tumultuous 1840s when industrial and urban change was radically transforming how many people lived. In the industrial cities people were confronting social dislocation in slums that created living conditions unlike any experienced by earlier generations. Workers were alienated from their work, family life was disrupted, and the basic requirements of life — food, housing, savings, employment — were continuously at risk. At first, only a few people could see how co-operatives could improve such deplorable conditions; before the century ended, hundreds of thousands had grasped the possibilities.

In 1844, a group of workers in Rochdale organised a consumer co-operative to provide “pure food” at “honest rates.” Their efforts proved to be remarkably successful and led quickly to the creation of hundreds of co-

operatives in Great Britain; they in turn joined together to form extensive co-operative wholesaling systems in both England and Scotland. In fact, the wholesales became among the largest and most innovative businesses in the United Kingdom as the century came to an end. They also sparked the formation of similar movements and organisations among consumers in most other industrialized countries in Europe.

Also in the 1840s, French labourers organised some of the first successful worker production co-operatives. They sought to substitute worker initiative and accountability for the hierarchical management systems typical of the Industrial Revolution. Their approach spread quickly throughout industrialised countries, carried by the trades union and political movements of the working classes. By 1900, it had become well known in many of the countries of Europe and the Americas; it was at once a successful participant in the Industrial Revolution and a severe critic of its most dehumanizing tendencies.

In the 1840s, but particularly the following decade, a diverse group of people started co-operative banking, especially in the German states. The earliest successful promoter of this form of co-operation was Hermann Schultze-Delitsch, who worked among artisans and small merchants. He was soon joined by Freiderich Raiffeisen, who encouraged co-operative banking among rural people. From Germany, the banking movement spread to Italy and France; by 1900, it had been taken to Africa, Asia, and the Americas.

Moreover, as the century progressed, consumer and some agricultural co-operatives developed wholly-owned banking institutions to meet their own needs as well as those of their members. Many of them grew quickly, accumulating the savings of tens of thousands of people and financing large economic activities — from factories to plantations to marketing companies. By the end of the century, the co-operative banking movement in its different forms was well-established and flourishing.

Meanwhile, much of rural Europe was being drained of its population. Young people moved to cities searching for work; millions left to settle in new lands around the world. For those who remained on the farms, there was much to learn if they were to survive. They had to study new methods of agricultural production; they had to understand how to manage money; they had to purchase reliable supplies at the lowest price; and they had to find out how to market their produce effectively. As the century wore on, an increasing number of rural people found they could achieve all these objectives most effectively through co-operative organisations.

Thus, in the 1880s, farming people, especially in Denmark, Germany and

Great Britain, started to form agricultural production co-operatives. Once begun, agricultural co-operatives spread to many countries and to all kinds of commodities. It was an approach that simultaneously worked to improve the quality of production, to stabilize the supply of farm commodities, and to help ensure a better way of life for farm families. Indeed, it was an approach that could be — and was — embraced by other primary producers, including fishing people and woodcutters.

As the century came to an end, yet a fifth tradition of co-operative action became evident in Europe and some other parts of the world as well. It consisted of people joining together to provide themselves with different kinds of services, such as insurance, housing, and child care. There seemed to be few limits to the possibilities of co-operative action.

These traditions grew out of rich intellectual sources in the nineteenth century. Co-operative thinkers addressed all the great issues of the day and, indeed, many of the issues that still preoccupy human beings: What are the limits of democracy? How can men and women organise their societies so that they treat each other more equitably? How can the economy be changed so that it will be both more efficient and more ethical? What are the fair claims of workers? How much should capital be paid? How can the economy be organised to produce sufficient consumer goods at fair prices and good quality to meet the needs of everyone? How can better communities be built?

The co-operative answers to these questions varied in emphasis in Europe and co-operators in other parts of the world soon would bring their own subtly different answers to these questions. The important thing, though, is that in the late nineteenth century there was a large and significant group of co-operative theorists who tried to answer such questions. They included: J.T.W. Mitchell, Charles Gide, George Holyoake, Henry Woolf, Beatrice and Sydney Webb. These theorists, many of whom worked for co-operatives, created a rich body of co-operative thought that provided a unique perspective on the modern world. Moreover, it was a body of thought capable of speaking usefully to succeeding generations, including the one entering the twentyfirst century.

Because of these intellectual associations and because of the deep involvement with economic and social changes, the movement at the end of the nineteenth century possessed a remarkable vitality. In this regard, the work of the Co-operative Women's Guild, organised in the United Kingdom in 1883, was particularly notable. It promoted the causes of female emancipation, along with self-help for the poor, with great dedication and much enthusiasm. In many ways, it was the conscience of the national movement, the strongest early manifestation of the need for cooperators to

“care for others”. It was a tradition that was carried into the international movement by the International Co-operative Women’s Guild, organised in 1921.

Thus, as the twentieth century dawned, the co-operative movement was thriving in many countries. It possessed a compelling, distinctive co-operative philosophy that sustained five major co-operative traditions. Those traditions, in turn, provided varied perspectives on how best to organise the movement - from the viewpoints of the consumer, the industrial worker, the saver/ borrower, the primary producer, and the service provider.

Because of that diversity, the movement was more complex than other ideologies: for example, those that would base social relationships primarily on the needs of capital or the value of labour. It was not, therefore, a movement that could easily be united; it was a movement whose subtle message could not always easily be understood.

Indeed, one of the challenges that obviously flowed from the emergence of these different traditions was how they could most effectively be mingled together. It was a long-term challenge taken up by the International Co-operative Alliance when it was formed in 1895; in some ways, it still remains as another century begins.

Much more importantly, though, those five traditions offered multiple ways in which large numbers of people could use cooperative organisations for their benefit. They meant that when one kind of co-operative encountered difficulties, others could well be thriving. Indeed, diversity of use and perspective became one of the inherent advantages of the co-operative movement. It, along with examples of outstanding successes and a rich intellectual tradition, are debts co-operators a century later still owe to their nineteenth century forebears.

People Working Together — The Twentieth Century

Despite some setbacks and many continuing challenges, the cooperative movement has flourished around the world during the twentieth century. In fact, the growth is so remarkable that relatively few co-operators are aware of its extent, complexity, and vitality. Almost every country in the world possesses cooperative organisations. Moreover, human beings have been incredibly creative in the range of co-operatives they have formed; in the process, they have met co-operatively virtually every human need from the

cradle to the grave.

Much of the growth in the early part of the century was possible because the movement was so adept in promoting its own development. On an international level, the International Co-operative Alliance provided a forum for the exchange of ideas, the promotion of existing and new co-operatives, and the beginnings of international co-operative trade. On a national level, many movements supported extensive educational activities by publishing newspapers, pamphlets, journals, and books. They pioneered in adult education and life-long learning; a few even built co-operative colleges to train the movement's employees and elected leadership. Some national movements sponsored the production of films, while others advertised themselves — and the movement — over radio as that medium became more pervasive. In the process, they attracted the support of many kindred organisations including farm groups, churches, women's organisations, and trade unions; a few became closely tied to political parties.

The result was that co-operatives in nearly all the democratic, industrialized countries of Europe made remarkable progress. There were problems, of course, as the century progressed, such as takeovers of national movements by communist governments, adversities during the Great Depression, the closure of co-operatives by fascist regimes, and vigorous competition from multinational firms, particularly after 1945. But these were more than offset by the remarkable growth achieved by all kinds of co-operatives. Their accomplishments were marked by the large co-operative buildings they constructed, the impressive market shares they achieved, and the influence they wielded within the International Co-operative Alliance.

Co-operative movements outside of Europe, however, ultimately made even more dramatic progress. A few of them were largely started by immigrants from Europe, women and men who brought with them a deep understanding of the possibilities of co-operative action. In particular, settlers on the frontiers of North and South America, as well as Australasia and parts of Africa, embraced co-operatives as effective ways to help each other and to maximize their influence on international markets. Indeed, many of the largest co-operatives of the late twentieth century had their roots in this settlement experience.

More commonly, though, organised co-operative movements outside Europe were started through the direct action of imperial and colonial governments. Such imperial powers as the United Kingdom, France, and Germany generally encouraged the formation of co-operatives for many reasons. In some instances, they wanted to develop colonial economies, especially for the export of staple commodities, like sugar, tea, cacao, and grains: creating

marketing co-operatives was often a very useful way to do so. In other instances, they wanted to undermine the power of money lenders, especially among farm people attempting to grow products for sale at home or overseas. In yet other situations, they were responding to public servants and missionaries who promoted co-operatives as ideal ways to encourage democratic practices.

For whatever reasons, most of the European imperial powers encouraged the development of co-operatives. In all too many instances, though, they fostered movements that tended to be organised “from the top down” in order to meet government or business needs. The result was a legacy of paternalistic government involvement in co-operatives throughout many parts of the world; it is a legacy that is still of concern in some parts of the globe.

Nevertheless, co-operatives outside of Europe must not be seen as mere extensions of the European movements. Co-operatives ultimately survive because they effectively meet economic needs and because people support them for their own reasons. Moreover, co-operatives possess the wonderful capacity to be absorbed into dramatically diverse cultures, to reflect ultimately different motivations, and to flourish under widely varying circumstances. Thus, though some co-operatives in economically-developing countries were started by imperial governments, they thrived only if the indigenous or colonial peoples absorbed them into their own traditions.

Moreover, co-operatives could often be seen as being modern, legal forms of the spontaneous co-operative activities to be found among apparently all peoples. In fact, virtually all peoples around the world, through their family, clan and cultural associations, have instinctively practised mutual aid.

It is not surprising, therefore, that many of the governments of southern countries, as they broke away from the European empires, encouraged the further development of co-operatives for their own reasons and in their own ways. Some of the most prominent of the independence leaders, such as Nehru and Kenyatta, were staunch supporters of co-operatives. Many of the former colonies that emerged as proud, independent states after 1945, therefore, such as India, Sri Lanka, and Kenya, were able to foster strong co-operative movements. The Indian movement, in particular, became one of the largest, most dynamic and most sophisticated in the world.

In the course of the twentieth century, too, many other countries embraced co-operative forms of organisation as they industrialized and entered more fully into international markets. Nowhere was this trend more obvious than in Asia. Co-operatives were particularly significant participants in the

economic recovery of Japan after 1945, where they were central to the reorganisation of agriculture and fishing industries as well as the retail trades. In other parts of Asia, too, such as Korea and Indonesia, financial, agricultural and worker co-operatives made substantial progress.

Understandably, as Asian co-operative organisations emerged, they were significantly different from their European counterparts. Invariably, they drew upon their own rich political, economic and social experiences, religious beliefs and social thought. Asian co-operative thinkers as profound as the European intellectual founders of the previous century appeared; Asian co-operators, with their own flexible approaches to organisational structures and commitment to communities, shaped their own kinds of co-operatives.

Many of the Asian co-operatives were also successful: in fact, their expansion during the last half of the twentieth century rivalled the expansion in Europe in the late nineteenth and early twentieth centuries. Indeed, as the twenty-first century opens, some of the most successful and dynamic co-operatives fortunately are found in Asia, the part of the world that promises to be the most dynamic area in the world during the century that is beginning.

Similarly, in Latin America the co-operative movement, from modest beginnings in the nineteenth century, has expanded steadily. It, too, draws upon indigenous traditions of spontaneous co-operation; it, too, has been shaped by the desire to market agricultural and fishing products in as effective a way as possible; it, too, carries a social concern about how to improve the lot of the common people.

Indeed, by the end of the twentieth century co-operatives could be found in most parts of Latin America: the hills of Peru, the urban sprawl of Sao Paulo, the coastal villages of Colombia, the rural areas of Mexico, and the plains of Argentina. Strong agricultural co-operatives have been developed in most Latin American nations; powerful financial co-operatives have been organised in countries like Brazil and Argentina. Consumer co-operatives have been developed in several Latin American countries, and some of the largest health co-operatives in the world have been created.

During the twentieth century, therefore, the co-operative movement has enjoyed significant success. The five traditions that began in the previous century have expanded around the globe. Human beings in remarkably diverse circumstances have found countless reasons to organise co-operatives. They have learned how to manage them effectively amid all kinds of political and economic systems. In numerous instances, they have demonstrated remarkable entrepreneurial skills, adapting to changed circumstances, seizing new opportunities, and diversifying business activities. The experience of the

century has shown that there are few geographic, social, and economic barriers that can prevent the spread of organised co-operatives once people have understood their potential.

Co-operatives Everywhere — The Grassroots

Co-operatives, however, are not best understood in terms of statistics and trends. They take on their deepest meaning only when they are seen in the context of people's lives. And one can find that meaning virtually everywhere around the globe.

In Japan, babies are born in co-operative hospitals. In Colombia, young children learn about computers in special schools run by an agricultural co-operative. In Sweden, families live in housing co-operatives. In Dortmund, Germany, people can buy their supplies in co-operative stores, one of the most impressive chain store systems in Europe. In New Delhi, consumers buy milk from machines that are supplied by rural women organised into a powerful dairy co-operative. In Great Britain, consumers can purchase their insurance through CIS, one of the country's largest insurance companies; it is owned by the Co-operative Wholesale Society. The people of Cape Dorset, an Inuit community in the Canadian Arctic, depend largely for their income on the handicrafts they sell through their co-operative. The workers of Mondragon in Spain organise much of their lives through an interrelated series of co-operatives embracing a wide range of economic activities. In Belize, fishing people sell their products from the sea through a powerful, successful co-operative. Rural families on the Great Plains of the United States purchase their electricity from electric co-operatives. When representatives from Thrift and Savings Co-operatives gather annually in Sri Lanka, they need a field to hold 100,000 people. In Portage la Prairie, Manitoba, Canada, members receive their last rites through their own burial co-operative.

The list is endless: co-operators around the world have found hundreds of reasons for organising co-operatives; they will find a multitude of other reasons for doing so in the coming century.

Going Forward — Some Threats

Nevertheless, as the twenty-first century dawns, the international movement confronts some of the most difficult challenges in its history. Two of the most difficult emanate from the changes that are transforming capitalist firms and

altering the roles of governments at all levels.

The last quarter century of the twentieth century has witnessed an extensive restructuring of the world economy, one feature of which was the way in which capitalist firms were able to move around the world. Many capitalist firms had shown that ability in the past, but never before had so many been able to move resources so far, so fast, and so freely. In fact, encouraged by governments, many capitalist firms began to roam the world, searching out the best financial opportunities and, often enough, virtually dictating the terms under which they will agree to operate.

At the same time, in the old and new industrialized areas of the world, communication changes and managerial theory revolutionized the work place. The Industrial Revolution, which went through various stages from the eighteenth century to recent times, emphasized large scale production, massive (often wellpaid) work forces, and hierarchical management teams, including large numbers of middle managers and associated professional groups. The emerging new economies, largely because of remarkably improved communication systems and the easy movement of goods around the world, emphasize flexible systems of production, specialized work forces dependent upon inexpensive supplies of resources, and streamlined, less bureaucratic management structures. The social costs of this transformation are not yet fully clear. What is clear, though, is that the economic change has triggered a widespread belief in many countries that the future belongs exclusively to a capitalist economy. It is a perspective that provides both a threat and an opportunity for those who believe in the value of co-operative enterprise.

This global restructuring coincides with complex and diverse changes in the role that governments play around the world. The most dramatic change, of course, unfolded in Central and Eastern Europe from the middle of the 1980s onwards. The abrupt termination of centrally-planned economies in several countries meant the virtual end of co-operatives that had existed (often in name only) under authoritarian regimes. Recreating the co-operative experiment in those countries — an experiment that in many instances has over a century of history — is an immense task, but it has begun. If the recreation is to be done properly, though, it must be done with a clear understanding of why co-operatives are important and how they are distinct: that is a challenge that the international co-operative movement has to meet. Indeed, it is one that it has already started to meet.

Government roles are changing in other parts of the world as well. In many southern countries, particularly in Africa and South America, dramatic economic fluctuations have forced the restructuring of many national

economies, often with disastrous social consequences, at least in the short term. Governments have been forced to reduce their role in their national economies, meaning that they no longer provide the assistance to co-operatives that they once did. Many co-operatives have adjusted to that change, but others have not and thus some wonder about the movement's future. As in the case of Eastern and Central European countries, the essential challenge is to build the emerging co-operatives on a clear vision of the co-operative identity and the basic purposes of the co-operative movement.

Similarly, in many of the older, more industrialized countries the movement cannot rely upon the kind of political support it once enjoyed. Governments are increasingly less able and less willing to influence the economic, social and legal frameworks within which their citizens live; indeed, in many countries, people apparently do not want them to do so. The result is that many co-operatives that relied upon extensive government support for their activities can no longer do so; they must be more independent than ever before. No less than their counterparts in other parts of the world, the movements in the older industrialized countries have been challenged to reconsider their reason for being, to rethink how they should relate to governments.

New Unity, Renewed Commitment

As the twentieth century came to an end, the changing market place and changing government roles created some bewildering challenges for co-operatives; they also produced some immediate, positive results. Everywhere, co-operatives have been forced to re-examine what they are doing and why they are doing it. They sought for new ways to attract capital. They reorganised so they could serve their members more efficiently. They developed new approaches to marketing. Many of them entered into joint ventures, often with other co-operatives. They searched for new economic activities, in some instances even outside their national borders.

Put simply, though, the greatest challenge confronting co-operatives did not come from the outside world. As in the past (and as it will be in the future), the most serious threat was not the competition. It was not even the altered political order. It was in the hearts of discouraged co-operators. It is was a matter of resolve, an uncertainty as to what the movement could offer the contemporary world.

Such uncertainties demanded a reconsideration of the contemporary role of co-operatives and an understanding of what the movement should attempt to do. By the time of the Manchester Congress, that process of renewal and

recommitment was well underway. In reaction to all the accumulating pressures of the 1980s and 1990s, many local co-operatives had re-examined their basic reasons for existence. Several national movements had reorganised their apex organisations to make them more responsive to the kinds of pressures co-operatives were experiencing. On an international level, the International Co-operative Alliance had undertaken a complete review of the values and principles that characterize co-operative movements around the world; a process that culminates in Manchester. Out of all these activities emerged a new understanding of the unique qualities of co-operative enterprise.

In short, despite the adversity of the 1980s and early 1990s, cooperatives at the end of the century are well situated to face future challenges. They have a rich tradition of co-operative versatility stretching back over more than 150 years. They have an amazingly broad range of experiences in the twentieth century upon which to draw, experiences that are evident everywhere around the world. Moreover, because of recent adversities, they are better managed than they have ever been; because of recent soul-searching, they have a clearer vision of what makes the cooperative approach different. They are ready for the twentyfirst century.

People Working Together — The Future

Co-operatives are practical organisations; most co-operators are primarily concerned about meeting immediate needs. The cooperative movement, therefore, does not look forward easily into the future. Rather, it instinctively prefers to evolve pragmatically, responding to opportunities and adapting to changes as they occur.

And yet there is value in looking ahead, even if the future seems to be particularly difficult to predict. It is important to try to prepare for the kinds of challenges that seem likely to appear. It is useful to try to anticipate the opportunities awaiting existing co-operatives or inviting the formation of new co-operatives. It is valuable to comprehend how people might band together to help themselves in ways perhaps never before contemplated. It is necessary to examine the strengths and weaknesses of co-operatives in light of what the future appears to hold. Perhaps, above all, it is essential to dream of what might be if the movement is to attract the interest and the commitment of those who are young.

And yet, even amid the rapid change some general possibilities are clearly evident. The restructuring of the global economy, for example, creates immense possibilities for an assertive, confident co-operative movement.

Some co-operatives, perhaps most obviously in the food production and distribution systems and in the financial services industries, are sufficiently large and sophisticated enough to play significant roles in that transformation. In fact, their involvement could be particularly valuable for people around the world: in addition to serving their members well, they could provide efficient and ethical models that could monitor those two vitally-important sets of economic activities in the public interest.

The economic restructuring also creates possibilities simply because of the social change it is creating around the world. Thus, while it creates new pockets of prosperity, the economic restructuring also undermines the prosperity of other people and, in far too many places, makes the already poor desperate. All too often, it increases the discrepancy between the rich and the poor — whether one considers the human condition in terms of individuals, classes, or nations. As with all great social and economic changes, the current restructuring of the global economy exacts a heavy price; co-operatives can help demonstrate that cost and show how a better way to embrace the future can be found.

In such circumstances, co-operatives offer their historic capacity to reduce social and economic divisions in an equitable manner, at least for those who have some capacity to control their lives. As they have always done in the past, co-operatives offer opportunities for people to help themselves; that promise has never been more meaningful or necessary to more people around the world.

In a time, too, when governments are withdrawing from protecting and enhancing their citizens, co-operatives offer a way in which people can retain control over their own lives and their own communities. In a time when the problems over the production and distribution of necessities — food, financial services, industrial goods — are growing, co-operatives can help meet such needs in a fair and reliable manner. In an era when people want more control over their work-place, co-operatives can offer them that opportunity. In short, there has never been a time when co-operative self-reliance has more potential, more meaning.

If the movement is to respond effectively to the challenges and seize the opportunities, however, it must project a clear sense of its distinctiveness; it must demonstrate its capacities to mobilize people and communities, and it must prove its abilities to be an efficient supplier of goods and services. To do so, though, it must realize the promise of its historical mission and capitalize on the strength of its contemporary accomplishments.

In the final analysis, the movement's future will be defined by how co-

operators understand their mission and how co-operatives seek out their opportunities.

Generally, co-operatives have always had to confront two main kinds of challenges. How do they become increasingly more effective? How do they respond to social and economic changes? These are not new questions. Rather, they are the ones members, elected leaders, managers and employees have always asked when they have seriously pondered their movement's possibilities. They are the questions that must be addressed as a new century opens.

The First Challenge: Increasing Co-operative Effectiveness

Virtually all co-operatives must function within the market place. Consequently, they must measure their effectiveness in part by how well they do in that context. Like firms owned on the basis of investment they must manage their resources — financial, productive, and human — in such a way that they create surpluses or profits. Like private entrepreneurs, too, they must understand thoroughly the kinds of business they operate. They must function within the legislative and competitive environments that prevail, even as they might try to change those environments.

Co-operatives, therefore, can learn from investor-controlled enterprise; indeed, they have often done so in the past. They can study and selectively adapt some of the technological changes, organisational structures, resource utilisation and capital accumulation techniques used by private enterprise firms. They will also be able selectively to utilize marketing approaches and communication strategies used by their main competitors. They may find it useful to investigate how private firms relate to governments and gain special privileges. They may want to imitate how private firms influence educational systems and create educational environments sympathetic to their development. It would be tragic, however, if co-operators assumed that imitating the private sector was all that was necessary; if that were true there would be no reason for co-operatives to exist.

The ultimate necessity is to adapt what is useful and acceptable from capitalist firms to the distinctively co-operative way in order to build effective organisations. It is a daunting but challenging task that should attract the best young minds among our younger generations; it is a task that previous generations carried out with zeal and ingenuity.

There are also lessons to be learned in studying the ways in which public servants carry out their tasks. In the recent dismantling of many state enterprises, it has become fashionable in many countries to undervalue, even scorn the work of public servants. The cost, measured in the decline of social safety nets and basic communal infrastructures — from roads to schools — has yet to be measured. The point, though, is that the public service has contributed significantly to the development of many countries; co-operators could do worse than understand the tradition of public service, social concern, and long-term planning that made the best of those contributions possible in many countries around the world.

Ultimately, however, efficiency with co-operatives is derived from the careful application of the values and principles that make co-operatives unique. In the final analysis, co-operatives carry within themselves — in their basic structures and ideology — the keys to their own success. The application varies with time and type of enterprise, but the formula for success is always the same.

Stressing the Membership Advantage

The central focus of the co-operative movement must always be the best interests of members in both the short and long term. Co-operatives exist primarily to serve them, and any measure of their effectiveness must be based on how well those needs are served. Moreover, it is by deepening that relationship that cooperatives will find the best way to grow in the future, the way that most clearly is in keeping with their distinctive quality and their historic advantage.

In many parts of the world, encouraging greater member involvement will not be easy. In countries where co-operatives were started from “the top down” the task will be particularly difficult. In other countries, all too often, co-operative leaders and members — have allowed the practice of membership to decline. Often, this was just a consequence of rapid growth. When memberships are large, when attracting new members is easy, it is natural to become passive suppliers of goods and services. In contrast, it requires effort, resources, and commitment to foster a growing relationship with members. And yet, in the final analysis, it is in the expansion of that relationship that cooperatives ensure their most stable growth and their long-term permanence.

Effective member involvement, of course, does not mean the same thing in all co-operatives. Members who rely on a co-operative for most of their income, for example in a worker cooperative, will normally be more involved

than will members of a co-operative which provides only an occasional service, such as insurance. Nevertheless, all co-operatives have the capacity to expand member relationships; most of the successful co-operatives of the future will be the ones that do it best.

One way to understand the possibilities of membership is to understand that the members of most co-operatives relate to their organisation in three ways. First, they are owners: they should attend meetings, vote in elections, make decisions on matters referred to them by the board, and assist in the promotion of their organisation. Second, they are users who patronize their co-operative, constructively suggest how it might be improved, and appreciate the benefits that patronage brings. Third, they are investors, minimally if that is all that is required, more significantly if there is a need. All three of these kinds of relationships should be fostered; each has its own responsibilities, each its own rewards.

Membership also implies a subtle relationship traditionally called education. But co-operative education is not just about the distribution of information by co-operatives to their members, though it certainly includes that. It is essentially about the exchange of understandings: the co-operative showing members why the co-operative approach is a “better way”, the member constructively communicating about her or his needs while posing the challenge about how they might best be met. In large cooperatives, this kind of communication becomes more difficult but the resources and the methods of communication are often more readily at hand, if there is a will to use them. Indeed, some of the largest co-operatives in the world have developed some of the best ways to reach their memberships.

In reality, the most obvious advantage co-operatives have in increasing their effectiveness lies in deepening their relationships with their members. It is an advantage that requires constant attention and careful cultivation; if it is strong and management is prudently ambitious, co-operatives can rarely fail, and co-operators will not have to doubt the capacity of their movement to contribute bountifully to people in the next century.

Celebrating Co-operative Distinctiveness

People who are proud of who they are and what they do usually are more effective as human beings and more capable of accepting greater responsibilities; they also attract the support and assistance of others more readily. It is a simple homily, but it is important for co-operatives, especially in an age when an alternative economic system seems to be the much preferred method of organised economic activity.

Co-operatives and co-operators generally need to be prouder of who they are and what they do. Co-operative organisations in their communications to members and their relations with the public should demonstrate consistently their belief in co-operative structures and values. Concern about members, democratic values, equitable financial structures, after all, are very positive messages; they deserve to be emphasized, not just timidly — if not apologetically — acknowledged once a year.

Co-operatives, particularly local co-operatives, have an obligation — and a subtle, long-term advantage — in demonstrating that they are parts of larger systems. Members benefit and their communities develop through the efforts of their local co-operatives, but the greater benefits occur only when many co-operatives join together to better serve members, to maximize their power, and to build upon their common resources. That is a part of the co-operative distinctiveness that needs to be understood more widely and appreciated more fully.

Co-operatives will not play a significant role in the future generally if they do not celebrate their distinctiveness. If they do not consciously and proudly proclaim who they are and why they act as they do, who will do it for them? How will people in the coming century have any understanding of what they could accomplish if they worked together?

Empowering People

Co-operatives become more effective when they give people more control over their lives. Traditionally and most importantly, co-operatives give members the opportunity to consume more wisely and inexpensively; when they give producers the opportunity to control more completely the production and distribution of their wares; when they give all kinds of people the chance to save, invest, and borrow money in honest, secure and competitive financial institutions; when they allow people to control their own housing; and when they encourage people to create their own health care. There is an important kind of dignity in enlarging such kinds of empowerment. It is the most noble activity in which co-operatives are engaged.

Empowerment is also about knowledge; indeed, in the “information age” that is the most important kind of power. Consequently, when co-operatives provide their memberships with accurate, honest information they are empowering them, be that information about consumer goods, appropriate pesticides, the level of fish stocks, or the fine print in a loan application.

But empowerment within a co-operative is not just concerned about the specific economic relationships it has with its members. It should be expanded to include all the human resources associated with the organisation. Indeed, it is regrettably all too true that the greatest underutilized assets within many co-operatives are their human resources. Too many co-operatives generally ask too little of their members, expect too little of their employees, undervalue the contributions of their managers, and inadequately prepare their elected leaders.

There are untapped resources in many memberships, especially among women and young people. Much of the future success of the co-operative movement will depend upon a willingness to recognize true equality between women and men in the deliberations of co-operative organisations; much of the vitality will come from the involvement of young people. Many employees should be given more responsibilities and made aware of the fact that, in most co-operative structures, they are the most prominent faces, the most important representatives. Managers need to be recognized for their successes in carrying out the demanding work required to make any co-operative successful; in many ways, the managing of a co-operative is the supreme test of management skills, and it should be recognized as such. Directors need to be given the depth and breadth of understanding so that their stewardship of co-operatives is meaningful, rewarding and expanding. Considering such matters systematically and regularly in any co-operative would inevitably bear dividends — in all senses of the word.

“People are our most important resource” is a trite saying, but it speaks to a particular truth within co-operatives. It is unfortunate that there is no way to recognize on a balance sheet how much the people associated with a given co-operative have grown within a year: in the final analysis, it would be among the most important tests of co-operative effectiveness, one of the best indicators of what the future likely holds.

Combining Resources Prudently

It is easy to understand the value of a well-run local co-operative. The benefits are evident in each visit; the annual statement shows the financial contribution specifically; the friends and neighbours involved in it attest to its stability. It is equally possible to appreciate the larger co-operatives that provide a member with most of his or her income, as for example in a farmer’s marketing co-operative. It is less easy to relate to second or third tier co-operatives that provide insurance, finance, or wholesaling services. They are more remote, somehow less personal; some people could even imagine

prospering without them.

The future for co-operatives, however, lies with both types of organisations. Co-operators must always work to ensure the strength of their local organisations. They must also find more ways to combine their local power into integrated systems that can wield influence on national, regional and even international levels. Doing so will require vision and a capacity to make difficult decisions. In rare instances, it may even require foregoing local possibilities in favour of the common good. “Acting locally, working globally” became a cliché in the later decades of the twentieth century. Within co-operatives, it must become a reality if full effectiveness is to be achieved.

The need for the prudent combination of resources is fairly evident. For example, technological change is inevitable, but it is costly. If co-operatives are to ensure their independence amid the integrating bonds of the new machines, they will need to examine how they can jointly invest so all can benefit. Another obvious example is the opportunity for different kinds of co-operatives to invest in joint ventures, such as agricultural and consumer co-operatives uniting to build a food-processing plant. Inevitably and properly, most of the possibilities for pooling resources occur first at the local or national level. To be done properly, such activities need to be carried out with vigilant business discipline; they should not be done as “a good thing” or as an act of charity on the part of one party or the other. The important point, though, is that co-operatives need to consider more carefully how they might better pool their resources, to make the best use of their members’ money.

The same is true at the international level. If co-operatives are to grow as a global force, they need to consider more joint ventures within given sectors or across complementary sectors. They need to examine more carefully how they might join forces across national boundaries. So many questions flow from imagining how co-operatives might pool resources in these ways — questions that will need to be considered not too far into the next century. Should producers of the same commodities in different parts of the world not investigate more carefully how they might combine to gain more control of the processing of their products? Do they have to leave that part of the global economy in the hands of a decreasing number of multinational firms? Should co-operative financial institutions not devote more thought to how an international co-operative financial system might be created? Is there not more scope for pragmatic, mutually-beneficial relationships between producer and consumer co-operatives around the world? Why is it that the international movement has, on the one hand, savers who want to lend and, on the other, deserving people who want to borrow? Savers who want to

invest, producers who want to grow? Can there not be ways to bring these people together in a mutually-beneficial, businesslike fashion?

Becoming more effective in the future will require more co-operatives working together, more co-operative leaders understanding what forms of local control are essential, what activities might be better carried on jointly. To do well at home will not be nearly enough.

Creating Financial Strength

Co-operative leaders and members of co-operatives can easily be lulled into thinking that reasonably good results on an annual basis are sufficient security for the long-term viability of their organisation. It is an unfortunate situation when it occurs.

The first responsibility of a co-operative is to ensure its capacity to continue serving its members. Thus co-operatives, at local and other levels, must provide adequate reserves for their future and make sure that members understand that they share some responsibility for the financial health of their organisations. Co-operatives also must provide their share of support for the associated co-operative organisations upon which they depend. Once that stability is assured, co-operatives can then consider extending benefits to their members. And after that, members may consider what contributions their organisations should make to the general development of the co-operative movement, the general benefit of the memberships, or the enhancement of their communities.

Because of the growing needs for capital in many kinds of cooperatives, the allocation of funds from annual surpluses or profits will often be insufficient. Even more than in the past, cooperatives will have to explore innovative ways to raise more funds, and they should look first to members. In general, cooperatives have been remiss in not using the member advantage to raise capital. It is not unreasonable for members to expect that they will have to make regular investments in their co-operatives, and it is reasonable for them to expect a return, perhaps a delayed return, on the investments they make in their co-operative.

Co-operatives will also likely have to explore joint endeavours with private firms and governments in order to raise the funds they require for new initiatives or to increase their influence in a given industry. Those kind of arrangements, like any other arrangement that would bring “outside” capital into the co-operative, must not be at the cost of sacrificing any of the co-operative’s autonomy or the capacity of its members to control their own

organisation in a democratic manner.

Co-operators should also devote more time to consider how they might create larger pools of prudently-operated funds for the development of existing and, in particular, new co-operatives. It is not an easy task. It is a distinct kind of lending that requires its own discipline and rules of behaviour; it is not charity and it must be conducted prudently. It is nevertheless a task that is essential if the co-operative movement is to become truly effective in the twenty-first century.

Thinking Strategically

Pooling resources and creating financial strength implies a commitment to long-term strategies. They suggest a kind of discipline that will not be achieved easily. And, in fact, they are not the only elements involved in thinking strategically.

Co-operators working through their co-operatives have always to consider how they can best ensure not only the survival but also the expansion of their organisations. That means collaborating effectively to ensure that the co-operative movement generally, as well as their part of the co-operative movement, is treated fairly by governments. For, even though the roles of government may be declining for the foreseeable future, it would be a mistake to underestimate the importance of government legislation and policies in determining the fate of co-operative organisations. In the contemporary world, it also means resisting the attempts of some regulators to want to lump co-operatives together with capitalist firms when they create governing legislation.

Thinking strategically also means making sure that the apex organisations that serve co-operatives as their voices are given the attention they deserve and the resources they require. Too many co-operatives support such organisations through financial contributions but do not integrate the wider perspectives such organisations afford into their own planning, their own core activities. It is a mistake that means that the money spent is not as effectively used as it might be.

But above all, thinking strategically means considering how the membership advantage, the co-operative distinctiveness, the empowerment of people, the combination of resources and the pools of accumulated capital can be most effectively deployed. It is envisioning what can be prudently attempted and collectively accomplished.

Facing the Future

The co-operative movement has two faces. One is the face that looks sternly, even harshly, inward, concerned about how cooperatives can become increasingly more effective: that is the view we have been considering. The second face looks thoughtfully outward, interested in how more people might learn about the benefits of co-operative activities. This face does not believe in charitable hand-outs; rather, it is concerned that as many people as possible help themselves and not be helped into some form of dependency. It is a face that has a particularly large vista to consider as the twenty-first century opens.

Five trends are particularly obvious. The first is the incredible growth of the human family. At the turn of the twentieth century, there were less than 2,000,000,000 people on Earth; as the century closes, there are nearly 6,000,000,000; by 2050 it is estimated there will be 10,000,000,000. The demand for basic requirements, food, housing, work and health facilities needed by this expanding population will test human ingenuity in science and technology; even more, it will challenge us to organise our economic, social and political relationships so that people will have the resources to purchase or collectively produce what they require.

The second is the already-mentioned concentration of economic power in the hands of the very wealthy around the world, a trend that magnifies a growing international problem with poverty in all countries around the world. The capacity of individuals, even groups, communities and nations, to influence the economic changes affecting them, is declining; the gap between the very rich and the poor in most countries is widening. The growing masses of tragically impoverished peoples in many southern countries will demand a fairer share of the world's resources, as will the expanding ranks of the very poor in industrialized societies. Moreover, the middle class in the industrialized societies is shrinking; the security once afforded to them by professional associations and trade unions is no longer as certain as it once was.

The pressures of population, the increasingly uncontrolled movement of capital and production around the globe, the misuse of science and technology, and the drive to produce more goods regardless of consequences, has created the third major trend: a crisis in how people treat their environment. Securing supplies of good water is becoming a disturbing problem; the deterioration in the ozone layer must alarm us all; many of the foods consumed daily around the world are contaminated; fish stocks that once seemed inexhaustible no longer support fishing fleets; and timber stands

upon which people have relied for centuries have been disastrously depleted.

Fourthly, communities around the world are confronting increasingly complex difficulties. In southern cities high birth rates and migration from the countryside strain precious resources, create large slums, and lead to the underemployment of younger generations. Food distribution systems are inadequate, while medical, water, education, and sewage systems are strained to their limits. In the more industrialized parts of the world urban infrastructures — schools, roads, police — are declining, while impoverished ghettos are growing. In too many places the "civil society" — the society based on tolerance, order in the streets, and community responsibility — is in question.

Finally, there are complex issues of social justice, many of which co-operatives have historically tried to address; it is as important as ever before that they continue to do so. One of them concerns the unequal position of women around the world. Women are disproportionately evident among the poor; they provide more than their share of labour, paid and unpaid, in most economies; their capacity to control their own lives is often restricted.

Another concerns young people. In many southern countries there is a surplus of young men and women looking for employment and concerned about how they will manage their lives. In most northern countries, the opportunities for full, satisfying employment, for the first time in generations, are declining in number; many young people are consequently facing impoverished futures and limited opportunities.

Yet another concerns aboriginal or first peoples. Scattered around the world, often living in the precarious places left to them by the vagaries of history, they typically have few resources and limited institutional capacity to improve their lot.

People Working Together — The Twenty-first Century

By themselves, co-operatives and co-operators cannot resolve all these great issues, but they can significantly help to do so. They can do so partly in the kinds of growth they foster within their organisations and partly in the ways in which they conduct their affairs.

The most obvious ways in which they can contribute is through expanding in the kinds of endeavour they already do well. For example, co-operatives of

various kinds already play significant roles in the production, processing, and distribution of food. Agricultural co-operatives are common around the world; they have served, and continue to serve, farming people effectively while they provide large quantities of high quality products for their customers. They are also bastions of rural communities, in particular by providing stability for smaller producers. Many agricultural co-operatives are also in the forefront of technological change, pace-setters in the processing and distribution of food and other consumer goods.

As trade barriers decline around the globe, agricultural co-operatives face increased competition from the already small number of firms that increasingly dominate the world's agro-food industries. Co-operatives will have to increase their capacity to survive amid such competition, either by concentrating upon the particular kinds of production at which they excel or by marshalling financial and productive capacity in unprecedented quantities. In the latter case, in particular, they must reach out to unite with other co-operatives, be they agricultural, consumer or financial. They must also extend their influence across national boundaries if they are to withstand the competition they face; as never before, co-operatives achieve only part of their potential if they are exclusively concerned with responding to member needs through local action. Doing well in a local community is good, but it is not enough.

Because they are normally based on family farm operations, agricultural co-operatives are particularly concerned about perpetuating rural communities and sustaining their economic growth and social stability. They should, therefore, be among the leaders in steadily improving how rural people deal with their environment. This is not an easy issue since it involves reconsidering methods and techniques that have become ingrained in agricultural practice, particularly in the last fifty years, but it is an issue that co-operatives can embrace realistically: their systems of member communications and their commitment to rural communities afford them advantages and insights others do not possess.

Similarly, fishing co-operatives, which can be found in many parts of the world, have a deep commitment to their communities; indeed, some of them are the inheritors of centuries of fishing traditions. They are now involved in an industry that is increasingly important because of the rising global demand for the products of the sea; it is also an industry in which technological advances have encouraged exploitation beyond sustainable capacity in many parts of the world. Fishing co-operatives, in the interests of their members and their communities, can be leading voices for the rational use of what are currently dwindling resources.

The co-operative movement, in its entirety, possesses many of the elements that could allow it to become a determining factor in the international agro-food industries. It has a powerful base in rural and fishing communities. It has some capacity in the food processing industries through the activities of some producer and some wholesale co-operatives. It has the nucleus of a consumer co-operative distribution system in several countries. It has significant financial resources within the co-operative banking sector.

The needs are also becoming clearer. With a rapidly growing global population, the issues associated with the production and distribution of food and other consumer goods are becoming more strategically important. By some time early in the next century, as the global population reaches 10,000,000,000, they will be clearly among the most contentious issues confronting the human family; in some ways, with the often acrimonious debates over international agricultural tariffs, that process has already begun. The challenge for all kinds of co-operatives associated with food production and distribution, in particular, is to lever the power they already possess so that they can assume an even greater role. That will mean more joint endeavours and more linkages across national and regional boundaries. It will also mean raising more capital, but, over the long term, there can be few better options either financially or idealistically in which to make investments.

The potential role of consumer co-operatives, as the provision of food and consumer goods becomes increasingly problematic, is challenging, even intimidating. While there are exceptions, most national consumer co-operative movements have declined in recent years; a few have even disappeared. Many consumer co-operatives have found it difficult to adjust to modern retailing systems. Many have found it challenging to mobilize the necessary resources to compete effectively in industries characterized by the extensive integration of wholesaling and retailing activities, the expansion of large shopping centres, the financing of relentless advertising campaigns, and the growing power afforded by transnational associations.

The future, however, can only be promising. As people in the industrialized world start to spend similar proportions of their income on food as do people in the developing countries, they will seek opportunities to influence food distribution and pricing power through organisations they own and can trust. If consumer co-operatives can build upon that urge through local co-operatives and harness the cumulative potential in national, regional and international organisations and agreements, then they can only prosper. They cannot fail if their members understand what is at stake and if the stores are managed prudently.

As the global population increases, another very difficult problem will be finding adequate housing in caring communities. Co-operative housing can help meet this need. It has a history of accomplishment in many industrialized countries stretching over a century. It has a promising future in Central and Eastern Europe where strong traditions exist, but the housing legislation that emerges will have to provide appropriate frameworks. Similarly, in many economically-developing countries, co-operative housing has considerable potential, meeting the needs of burgeoning populations increasingly clustered around major cities.

Co-operative housing has many advantages, although its financial structures, legislative requirements, and cultural characteristics vary considerably around the world. It permits the maximum development of land with whatever funds are available, whether those funds come from private or public sources. It encourages the formation of communities, at its best escaping the ghettoization typical of many forms of social housing. It allows people to pool resources to reduce maintenance costs while it encourages the sharing of communal responsibilities. In a world where alienation is becoming commonplace, where neighbourhoods are losing cohesiveness, co-operative housing is a positive alternative.

In recent years, some of the most dynamic parts of the international co-operative movement have been the financial co-operatives. They are organised in many different ways, reflecting different origins, priorities, associations, and legislative frameworks; they vary significantly in size and levels of sophistication. Nevertheless, as a group they are different from other banking organisations in their ownership structures and often in their commitments. In many countries they are closely tied to agriculture and rural communities; in others they have become particularly successful in specialized activities, such as the financing of housing or consumer lending.

All of them, however, are confronting the virtual certainty of significant change. Few other kinds of economic activity have been as dramatically altered by technological evolution as has banking. The main reason is obvious: in its essence, banking is an information industry that has been profoundly altered by its adaptations of computing technology. What was once a rather rigid industry has become remarkably flexible; what were once clear divisions among banking, insurance, investment, and fiduciary companies have virtually disappeared; what were once significant barriers, national boundaries, have started to disappear. In the process, the regulation of the industry by governments has been rapidly transformed as national priorities have given way before international banking standards.

All of these changes affect co-operative banking circles, in some ways more

than their competitors. Within decentralized cooperative banking systems, for example, deciding upon uniform technological systems can be difficult; and, in some instances where agreements are possible, the costs are prohibitive. In countries where governments used co-operative banks for regional and local economic programmes, the turn to greater acceptance of the market place for economic growth has created problems of adjustment. In many instances, too, the challenge of raising capital, when capital is often scarce, is intimidating, sometimes nearly impossible.

Yet, there can be no doubt that the future of the co-operative banking sector is bright. Many co-operative banking systems are among the most innovative in the industry. The European banks have made remarkable adjustments as Europe enters into a new and dramatically different era. The older banks of India remain powerful institutions in the national economy despite the changes underway. If organisers can move quickly and the evolving legislation is favourable, the possibilities for co-operative banking in Central and Eastern Europe are remarkable, as it is in China. The record of caisses populaires/credit unions in North America is outstanding, and their accomplishments in many developing parts of the world are truly inspiring.

The future for co-operative banking will require successful adaptation on several fronts. Like all banks they will have to continue to adjust to the changing international financial marketplace. This will mean becoming even more integrated into national and international technological systems, despite the threats of homogenization that this entails, both from the ways in which such systems operate and the manner in which they are regulated.

They will also have to emphasize the connections they have with local communities and groups of people, a task made easier by their co-operative roots. Most co-operative banks have a remarkable advantage in their ability to develop deep relationships with their members, the members of the co-operatives they serve, or the particular segments of the general population they seek to attract. This capacity to build on what can be very meaningful relationships is perhaps the greatest structural advantage which they enjoy over their competitors.

In recent years, too, some of them have been very successful in stressing ethical practices in investment activities and the ways in which they conduct their business: it is an approach that benefits society at large and that emanates logically from their co-operative heritage. It stands out in age when many economic organisations do not always adhere to elemental ethical standards.

The financial co-operatives also possess within their various kinds of

structures one of the first really successful international efforts at collaboration by co-operative organisations: insurance. By its very nature, evident since at least the sixteenth century and arguably since the days of the Roman Empire, insurance invites co-operative forms of organisation: there is an obvious benefit for people combining resources in order to withstand adversity. Moreover, insurance that is provided through formally-structured co-operatives should possess the openness and transparent accountability that assures policyholders of reliable service and fair treatment.

Worker co-operatives are another rapidly growing component of the international movement; there is every reason to believe their growth in the future will be equally impressive. They carry within their structures and philosophies some of the most persuasive answers to one of the great questions raised by industrialization: how to ensure that workers enjoy the dignity to which their labour should entitle them. Worker co-operatives have successfully managed large manufacturing concerns; they have also operated the kinds of smaller, flexible enterprises that arguably will become even more important in the evolving economy. In several cases, such as Mondragon, they have demonstrated how workers can pool their resources to build extensive communities based on rewarding labour and social responsibility.

The worker co-operative perspective also encourages other kinds of co-operatives to consider more carefully how they view and treat their employees. It suggests the need to empower employees in ways that are acceptable within existing co-operatives, to give them more responsibilities, to listen more carefully to what they suggest, to reward them appropriately, and to find ways in which they might invest in their co-operatives. It suggests the need to reconsider the styles of management within many co-operatives, styles which usually borrowed uncritically from capitalist enterprise; it invites other co-operatives to consider how they can best empower their employees, increasingly a determinant of economic success.

Similarly, the simple idea of people joining together to provide themselves with health care will have increasing vitality in the years ahead. In many populous parts of the world, health care is deficient; as the population grows, the tragedy of poor national and regional decisions on how to provide health care will become even more obvious, the inappropriateness of making health care largely dependent upon income increasingly more unacceptable. Co-operative health care, by distributing costs fairly and by placing greater onus on members for their own health, will assuredly be one of the best alternatives available. Co-operative health care, too, typically is concerned about preventative approaches to medicine and it could be structured so that it can foster exchanges among the different kinds of medical practice to be found around the world. Few kinds of co-operative endeavour have a more

promising future or offer a more obvious benefit in the unfolding world than co-operative health care.

In embracing these challenges co-operatives will benefit if they ensure that doors are open to women as members, elected leaders, staff and managers. Doing so will be good business because of the economic power women represent, even though they own less than their numbers and labour should warrant. More fundamentally and importantly, though, doing so is simple justice in keeping with the basic commitments obvious in co-operative circles from their beginnings.

Similarly, for reasons of both economy and justice, co-operatives have an obligation to reach out consciously and continuously to young people. In a trite, but also in a meaningful way, the movement's future lies with youth. The rich and diverse traditions of the movement, the subtleties and potential of its philosophies, need to be reconsidered and reapplied by each generation. The sooner young people are involved, the sooner they begin to consider for themselves how the co-operative movement should be adjusted for their times, the better it will be for all. The dialogue across generations of co-operators is a fundamental requirement for continuing success.

There is also a particularly significant opportunity to make co-operative alternatives better known among indigenous people, one of the fastest growing segments of the global population. In some instances, doing so will be easy in that it will be simply an extension of the way they have traditionally conducted their affairs. In other instances, where more hierarchical political and economic structures have prevailed, it will be more difficult. Given their population size, the quantity of land they possess or soon will possess, and the kinds of economic activity in which they are engaged or expect to be engaged, the potential for them — and their neighbours of co-operative enterprise — is remarkably promising.

The Promise

The co-operative movement is a movement of perpetual promise, a movement of becoming, not of ending. It never achieves a state of perfection; it never rests satisfied with what it has accomplished. It is a movement that is always torn between what its philosophy suggests and the contemporary world requires. It is a movement that fails unless committed, pragmatic co-operators continuously consider the choices their co-operatives must make in responding to member needs, in achieving broader goals, and in adhering to co-operative principles in their daily activities. They are choices that are never finally made; there are no decisions that are completely perfect.

Co-operators make choices for each co-operative within two broadly-related yet somewhat distinct contexts. The first applies to the internal operations of the co-operative: the concerns are that the co-operative be efficient, that it meet member needs, that it conform appropriately with co-operative practice. The second refers to how the co-operative relates to the rest of the co-operative world and to its community: the concerns are about the effectiveness of relationships with other co-operatives, the expansion of the movement generally, and the movement's social obligations. Only the members of the co-operatives, directly or indirectly through their elected leadership and management structures, can make decisions about such difficult issues. In either event, the decisions will seldom be easy and they will vary over time.

It is in making those decisions, though, that the co-operative promise is fulfilled. It is in struggling to understand how the range of possible action implicit in co-operative thought, principles, and practice should be applied in the contemporary experience that co-operators make their contribution. It is in accepting the necessity for addressing the need to think about those choices that co-operative organisations achieve their highest purposes. In the final analysis, the co-operative promise is that it is possible and ultimately necessary that economic and social affairs be conducted democratically and responsibly for the present and long-term benefits of the members and their communities; it is neither easy nor simple, but it can be the best alternative.